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Marlene H. Dortch, Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> Street, S.W., TW -- A325  
Washington, DC 20554

Re: **Notice of Ex Parte Communication**  
Request to Update Default Compensation Rate for Dial-Around Calls  
from Payphones - WC Docket No. 03-225

Dear Ms. Dortch:

AT&T Corp. ("AT&T") hereby submits this written *Ex Parte* in connection with the Commission's *NPRM* addressing whether to update the per-payphone default compensation rate and in response to the *Ex Parte* submitted on behalf of the American Public Communications Council ("APCC") on August 15, 2005. AT&T urges the Commission to request relevant data from the RBOCs regarding appropriate market allocations for per-phone compensation.

First, AT&T opposes APCC's request to increase per-payphone compensation. If the Commission were to credit the flawed and unsubstantiated data provided by APCC and apply the new per-call payphone rate, then the current per-payphone rate would increase by almost 40%, even though the costs associated with providing these calls have declined in recent years. It would be inappropriate for the Commission to increase the per-payphone rate based on the present record. Indeed, the RBOCs have declined to provide data to support a rate increase; to the contrary, they see no basis for increasing the per-payphone rate.<sup>1</sup>

With regard to APCC's August 15, 2005 *Ex Parte*, AT&T is very concerned because APCC has misstated the impact any per-payphone increase would have on AT&T's fair share of the per-payphone compensation rate. AT&T strongly disagrees

<sup>1</sup> RBOC Payphone Coalition's Comments on Further Notice of Proposed Rulemaking, at 1-2 (June 27, 2004) [sic].



with APCC's assertion that the issue of surrogate payments is of only marginal significance to AT&T. AT&T, more than any other carrier, would be severely affected by any increase in the per-payphone compensation rate.

Although APCC correctly points out that AT&T currently pays the largest share of per-payphone compensation, it is wrong when it estimates the total amount of quarterly surrogate payments that AT&T currently pays to payphone service providers ("PSPs"). Although AT&T agrees that the total number of payphones for which AT&T pays surrogate payments is about 5% of the total number of payphones for which it pays compensation, APCC has improperly provided the Commission with only the number of payphones for which APCC collects per-payphone compensation on behalf of its member PSPs, not the total universe of payphones receiving per-payphone compensation from AT&T. For example, in the first quarter of 2005, AT&T paid per-payphone compensation to an average of 45,100 payphones – three times the number of payphones for which APCC received compensation on behalf of its member PSPs. This in turn resulted in a quarterly per-payphone payment to PSPs of approximately \$1.61 million, or \$6.44 million annually. This amount is hardly insignificant.

Second, there still remains the issue of recalculation of the appropriate market shares. As AT&T has previously discussed in its comments and reply comments, the Commission should update the market share allocations to reflect the dramatic changes in the market since the Commission last compiled these data.<sup>2</sup> Since that time, there have been major changes in the interexchange carrier marketplace which have resulted in carriers taking market share from AT&T. Therefore, the Commission should, in all events, revise the market share allocation to guarantee that all IXCs are paying their fair share.

Respectfully submitted,



Martha Lewis Marcus

cc: Tamara L. Preiss  
Jon Stover  
Aaron M. Panner  
Albert H. Kramer

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<sup>2</sup> Fourth Order on Reconsideration and Order on Remand, *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, 17 FCC Rcd. 2020 (2002).